

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 COME-00 CIAE-00 INR-07  
NSAE-00 OES-07 OMB-01 AID-05 TRSE-00 ARA-10 /051 W  
-----053269 161458Z /53  
R 151437Z AUG 77 ZUI RUEHCS 1558W CITING 2749 H/W ZDK:  
FM AMEMBASSY BUDAPEST  
TO U.S. DEPT OF AGRICULTURE  
INFO SECSTATE WASHDC 9147  
AMEMBASSY VIENNA

LIMITED OFFICIAL USE BUDAPEST 2749

FAS FOR F&O

E.O. 11652: N/A  
TAGS: EAGR, HU  
SUBJECT: QUALITY PROBLEM OF U.S. SOYBEAN MEAL IN HUNGARY PERSISTS

1. ON AUGUST 11 AGATT AND ECONOFF MET ORBAN OF AGRIMPEX (FTO) TO DISCUSS LATEST SOYBEAN MEAL SITUATION FOR HUNGARY. BELOW ARE MAJOR POINTS MADE BY HIM.
2. HUNGARY IN 1977 WILL IMPORT 15 PERCENT MORE SOYBEAN MEAL THAN LAST YEAR, AS FORECAST BY FAS. THE SHARP RISE IS DUE TO INCREASE IN SWINE PRODUCTION WHICH SEEMS TO BE PEAKING THIS YEAR. BECAUSE GOVERNMENT WANTS TO MAINTAIN SWINE PRODUCTION AT THIS HIGH RATE, SOYBEAN MEAL IMPORTS IN YEARS TO COME SHOULD STAY ALSO AT HIGH LEVEL.
3. MAJOR SOURCE SOYBEAN MEAL IS BRAZIL WHICH WILL SUPPLY FOUR-FIFTHS OF HUNGARY'S IMPORT NEEDS IN 1977 WHILE REST WILL COME FROM U.S. IMPORTS FROM U.S. WILL REMAIN AT RELATIVELY LOW LEVEL ON ACCOUNT OF PERSISTENT QUALITY PROBLEMS MAKING U.S. MEALS MORE EXPENSIVE.

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4. HUNGARY CONTINUES DISSATISFIED WITH LOW QUALITY SOYBEAN MEAL IMPORTS FROM U.S. SEVERAL SHIPMENTS RECEIVED THIS YEAR FROM U.S. CONTINUED TO ARRIVE WELL BELOW QUALITY STIPULATED IN CONTRACT (PROTEIN CONTENT). IN ONE LARGE SHIPMENT PROTEIN LEVEL WAS AS LOW AS 46 PERCENT AGAINST 50 PERCENT CONTRACTED.

FOR CONTRAST BRAZILIAN MEAL REGULARLY ARRIVES AT  
LEVEL OF QUALITY CONTRACTED, MAKING THIS MEAL MORE  
RELIABLE QUALITY-WISE. FURTHERMORE, A LARGE CARGO  
RECENTLY RECEIVED FROM U.S. WAS HEAVILY INFESTED WITH  
CERTAIN PESTS. ALTHOUGH U.S. PHYTOSANITARY REGULATIONS  
DO NOT APPLY TO THESE PESTS, HUNGARIAN REGULATIONS  
PROHIBIT IMPORTATION OF SUCH CONTAMINATED PRODUCTS.

5. COMMENTS. QUALITY PROBLEMS WITH U.S. MEALS  
PERSIST. OF THE ESTIMATED 550,000 TONS OF SOYBEAN  
MEAL IMPORTS U.S. SHARE WILL BE LIMITED ONLY TO ABOUT  
110,000 TONS IN 1977. THIS IS A FAR CRY FROM THE  
280,000 TONS OF U.S. MEAL IMPORTS IN 1974 WHEN  
THIS TONNAGE REPRESENTED MORE THAN TWO-THIRDS OF ALL  
IMPORTS.

6. IN ADDITION TO PERIODIC BRAZILIAN EXPORTS SUBSIDIES,  
THE LOW QUALITY OF U.S. MEAL MAKES BRAZILIAN MEAL  
CHEAPER. ALTHOUGH HUNGARY REGULARLY IS COMPENSATED  
FOR THE LOWER QUALITY OF U.S. MEAL RECEIVED, THE AMOUNT  
OF SETTLEMENT NEVER COVERS THE REAL LOSS IN FEEDING  
VALUE OF MEAL. THIS MAKES BRAZILIAN MEAT CHEAPER PER  
UNIT OF PROTEIN AND MORE RELIABLE QUALITY-WISE.

7. DURING THE PAST THREE YEARS THE U.S. HAS LOST ALMOST  
200,000 TONS OF MEAL IN HUNGARIAN MARKET LARGELY  
BECAUSE LOW QUALITY. EVEN AT CURRENT RELATIVELY LOW  
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PRICES THE LOSS AMOUNTS TO BETWEEN \$30-40 MILLION.  
KAISER

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** n/a  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
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**Subject:** QUALITY PROBLEM OF U.S. SOYBEAN MEAL IN HUNGARY PERSISTS  
**TAGS:** EAGR, HU, US  
**To:** AGR  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/0380b350-c288-dd11-92da-001cc4696bcc  
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Margaret P. Grafeld  
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